

Kentucky Agricultural Development Board

Minutes of the September Board Meeting

Call to Order

The regular meeting of the Kentucky Agricultural Development Board was held on **Friday, September 19** at **10:15 a.m.**, at the Brown-Forman Room, Kentucky History Center. Harvey Mitchell (proxy for Commissioner Billy Ray Smith), presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Vickie Yates Brown, Susan Harkins, Wayne Hunt, Sam Lawson, Sam Moore, Willa H. Poynter, Sidney Stewart, Harvey Mitchell proxy for Commissioner Billy Ray Smith, Dean M. Scott Smith, Smith Mitchell designee for Secretary Gene Strong

Members Absent

Danny Case, Larry Clay, Governor Paul E. Patton, Eddie Sellers and Mike Slaughter

Others Present

Staff - Jeff Belcher, David Bratcher, Laurie Dudgeon, Penny Durham, Sandy Gardner, Bill Hearn, Kara Keeton, Maggie May, Bill McCloskey, Joel Neaveill, Brad Nelson, Gene Royalty, Brad Wellons, Steve Yates **Guests** – Don Van Erden, The Van Erden Group; Rick Alexander, Commodity Growers Cooperative (CGC); Jesse Horn, CGC; Larry K. Snell, Kentucky Center for Cooperative Development; Shana Herron, Community Farm Alliance; Kathi Marshall, Governor's Office of Policy Management; Sally Davis, Governor's Office; Tom West, Northern Kentucky Farmers Market (NKFM); George Heeger, NKFM; Dennis R. Williams, NKFM

Notification of Media

Mr. Mitchell received verification from Gene Royalty that the media had received notice regarding the Agricultural Development Board meeting.

Welcome

Harvey Mitchell submitted Commissioner Billy Ray Smith's letter appointing Mr. Mitchell his proxy. Mr. Mitchell noted that the Commissioner was at a national meeting of state department of agriculture leaders.

Mr. Mitchell welcomed everyone to the meeting.

Approval of Minutes

The minutes of the August 15, 2003 meeting were approved as presented.

Executive Director's Report

Gene Royalty presented an amendment to the November 31, 2001 minutes. The following Goat Diversification programs were approved at that Board meeting, but were inadvertently left out of the minutes: A2001-0088, A2001-0713, A2001-0632, and A2001-0757. Dean Scott Smith moved that same be listed as model Goat Diversification programs in the November 31, 2001 minutes; Susan Harkins seconded the motion. The motion passed without dissent.

Mr. Royalty welcomed the newest Board member, Sidney Stewart. Mr. Stewart introduced himself and shared his background.

Mr. Royalty recognized Laurie Dudgeon (Legal Counsel), Jeff Belcher (Project Compliance Specialist), and Bill Hearn (Budget Officer) as new members of the Governor's Office of Agricultural Policy staff.

Mr. Royalty announced that there would be a check presentation/press conference for Central Kentucky Aquatics next Friday, September 26, during the Red Claw harvest.

Mr. Royalty gave an update from the Tobacco Settlement Agreement Oversight Committee. He shared the Committee's opinion, regarding a Harrison County project denied funding in August, that a "sheep's foot roller could be a necessary piece of equipment for leaky ponds."

Mr. Royalty introduced David Bratcher for an update on the Kentucky Agricultural Finance Corporation. Mr. Bratcher shared that the program guidelines had been approved by KAFC's Board of Directors for both the Loan Buy-down Program for value-added agribusinesses (*Agriculture Investment Fund*). There is continued discussion with FSA in Washington, DC about KAFC's *Young Farmer Financing Program*. Mr. Bratcher noted that there is a draft agreement between KAFC and the Agricultural Development Board, which is being circulated between the two groups. After discussion with Governor's Office of Policy Management (GOMP), KAFC staff will stay on payroll of Governor's Office of Agricultural Policy (GOAP) temporarily. Mr. Bratcher recognized Wayne Hunt as a member of that Board of Directors. Mr. Hunt shared his perspective of what was accomplished at the meeting. Mr. Bratcher noted that they were meeting with the Kentucky Bankers Association and an account will be set up with Farmers Bank. The \$20 million awarded KAFC will be moved to a KAFC account in October, and then staff will publicize the guidelines for the program. Mr. Bratcher asked if there were any questions.

Mr. Mitchell asked if there are targets, goals, and program details to be presented to the ADB. Mr. Bratcher indicated that a presentation to the Board would occur.

Mr. Bratcher indicated that the adopted guidelines would be sent out to the Board when complete.

Referral of August Projects¹

Mr. Royalty presented projects A2003-0520 through A2003-0573 for referral to the Board's Project Review Committees. Sam Moore moved that "projects A2003-0520 through

¹ A detailed list of the referred projects is attached as Appendix A.

A2003-0573 be referred the Board's Project Review Committees;" Sam Lawson seconded the motion. The motion passed without dissent.

Approval of Model Programs²

The following were presented as projects meeting the state guidelines for each specified model program:

Mr. Royalty submitted projects A2003-0494, A2003-0498, A2003-0502, and A2003-0511 as projects meeting the model **Agricultural Diversification Program** guidelines.

Mr. Royalty submitted projects A2003-0388, A2003-0481, and A2003-0486 as projects meeting the model **Fencing Improvement Program** guidelines.

Mr. Royalty submitted projects A2003-0324, A2003-0485, A2003-0489, A2003-0493, A2003-0496, A2003-0506, A2003-0515, and A2003-0517 as projects meeting the model **Forage Improvement & Utilization Program** guidelines.

Mr. Royalty submitted projects A2003-0507 and A2003-0520 as projects meeting the model **Genetics Improvement Program** guidelines.

Mr. Royalty submitted projects A2003-0505 and A2003-0510 as projects meeting the model **Goat Diversification Program** guidelines.

Mr. Royalty submitted projects A2003-0447, A2003-0490, A2003-0508, A2003-0514, A2003-0519, and A2003-0535 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Mr. Royalty submitted projects A2003-0476, A2003-0484, A2003-0487, A2003-0488, A2003-0492, A2003-0513, A2003-0518, and A2003-0544 as projects meeting the model **Hay, Straw and Commodity Storage** guidelines.

Mr. Royalty submitted projects A2003-0504 and A2003-0512 as projects meeting the model **On-farm Water Enhancement** guidelines.

Mr. Moore moved that the above projects be approved as the specified model cost-share programs; Willa H. Poynter seconded the motion. The motion passed without dissent.

Mr. Royalty presented an amendment to the **Hay, Straw, & Commodity Storage Program**. *[A copy of the proposed amendment is on file with the Board Secretary.]* The amendment proposed certain handling equipment for hay and commodity usage be incorporated into the state model program, per a request from Lewis County. Mr. Royalty pointed out that each of the Board Project Review Committees had a different recommendation. The Blue Committee recommended that the new language presented be incorporated into the state Hay, Straw, & Commodity Storage model program guidelines. The Red Committee recommended that the proposed

² A detailed list of projects funded under each model program category is attached as Appendix B.

amendment be included only in Lewis County's program and be considered a pilot project. Mr. Moore moved that the Red Committee recommendation be adopted and only Lewis County be allowed to test out the proposed amendment; Dean Smith seconded the motion.³ The motion passed without dissent.

Committee Reports

Blue Project Review Committee

Smith Mitchell reported for the Blue Project Review Committee (PRC). Mr. Mitchell noted that the Blue PRC is presenting four (4) projects for funding consideration.

Mr. Mitchell presented project **P2003-0087**. The application received a high priority from Barren, Edmonson, Hardin, Hart, Grayson, Larue and Todd Counties. The applicant, **Green River Produce Marketing Cooperative (GRPMC)**, requested \$97,446 in state and county Agricultural Development Funds requested \$97,446 in State and County Agricultural Development Funds to pay off the balance of the 2002 operating credit line and provide operating funds for 2003 growing season. In 2003, GRPMC has 45 members producing 235 acres. 99% of these producers are dependent on tobacco as a source of income. Mr. Mitchell reviewed the proposed terms and conditions. Mr. Mitchell moved that P2003-0087 be approved for \$20,500 in county⁴ and \$76,946 in state Agricultural Development Funds; Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2002-0611**. The application received a high priority from Montgomery County. The applicant, **Mt. Sterling/Montgomery County Industrial Authority**, requested \$100,000 in Montgomery County Agricultural Development Funds for two years to hire a marketing specialist. The specialist position will become self-sustaining after two years based upon a fee structure established on commission per commodity.

The goal of this project is to enhance the marketing systems in the region and to return more of the consumer dollar directly to farm families, establish marketing systems that will sustain themselves, develop value-added enterprises, and to educate farm families in marketing strategies. The specialist will encourage and support Montgomery County farmer participation in the Bath County Marketing Facility. The project will have an oversight committee comprised of representatives from the Montgomery County Farm Bureau, Montgomery County Cattlemen's Association, the Montgomery County Farmer's Market, Appalachian Sweet Sorghum Association, and the Kentucky Shrimp Grower's Cooperative Association, along with some emerging groups, such as the Emerging Goat Farmers and the Strawberry Growers.

³ Later in the meeting the Secretary asked for clarification of intent. The intent of this motion is to approve application **A2003-0161 for \$100,000 in Lewis County Agricultural Development Funds** for a pilot hay, straw & commodity handling equipment project.

⁴ P2003-0087: Larue - \$2,000; Barren - \$5,000; Todd - \$2,000; Edmonson - \$2,500; Hardin - \$1,000; Grayson - \$500; and Hart - \$7,500

The applicant estimates that 57 farm families, engaged in the production of vegetables, fruit, shrimp, sweet sorghum, and grapes would be impacted. Also, 228 farm families involved in the Montgomery County Cattlemen's Association, and nearly 500 Farm Bureau members who derive more than half of their income from farming will be impacted. Mr. Mitchell reviewed the proposed terms and conditions. Mr. Mitchell moved that A2002-0611 be awarded \$100,000 in Montgomery County Agricultural Development Funds; Sidney Stewart seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2003-0158**. The application received a high priority from Carroll County. The applicant, **Carroll County Board of Education**, requested \$15,000 in Carroll County Agricultural Development Funds for the purchase of a greenhouse for Carroll County High School. The greenhouse would be used for providing the high school students with a facility to learn alternative farming skills in growing horticultural products, which would then be offered for sale to the community. The project has several major participants from the community, including the Carroll County Board of Education, Carroll County High School and Agriculture Department, Carroll County FFA chapter, and Carroll County Farm Bureau, Inc. Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that A2003-0158 be approved for \$15,000 in Carroll County Agricultural Development Funds; Ms. Poynter seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2003-0473**. The applicant, **Kentucky Center for Cooperative Development d.b.a. Kentucky Center for Agriculture and Rural Development**, requested a total of \$449,735 of state Agricultural Development Funds for the 2004 fiscal year (\$177,750) and 2005 fiscal year (\$271,985). The Kentucky Center for Cooperative Development has been in existence for two years providing leadership, educational, technical and financial resources for groups and organizations seeking to enhance opportunities through cooperatives. The Blue Project Review Committee recommended the project for the 2004 fiscal year funding only. Mr. Mitchell reviewed the proposed terms and conditions. Mr. Mitchell moved that A2003-0473 be approved for \$177,750 in state Agricultural Development; Susan Harkins seconded the motion. The motion passed without dissent.

Red Project Review Committee

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting five (5) projects for funding consideration.

Mr. Lawson presented project **P2003-0077**. The application received a high priority from Green, Adair and Larue Counties. The applicant, **The Green River Cattle Company**, requested \$30,000 in county Agricultural Development Funds and \$60,000 in KCADE funds to implement "phase two" or the intermediate phase of the Green River Cattle Company proposal to implement their farmer directed beef marketing initiative.

The Agricultural Development Board has provided \$42,700 in Green County funds to the Green River Cattle Company to undertake a feeding trial and direct marketing

pilot project that yielded favorable feedback that suggested opportunities do exist for establishing Kentucky branded beef. This intermediate phase will focus on addressing the logistical challenges of developing the market for branded beef.

The following four priority areas have been defined by the Green River Cattle Company:

1. Discovering and evaluating a market for lower end cuts;
2. Overcoming limited Kentucky processing capacity and associated cost disadvantage;
3. Modeling a production system that promotes local farmer ownership; and
4. Establishing brand identity and recognition among potential customers

The Green River Cattle Company has been working with Dr. Lee Meyer, University of Kentucky Extension Livestock Marketing Specialist, in formulating the company's marketing and operating strategies. Dr. Meyer has submitted a request for a SARE grant in the amount of \$153,076 to meet the following objectives:

1. Operational methods for creating value added products from less desirable cuts of meat
2. Design and evaluate the need for and feasibility for a fabrication, storage and distribution facility in Greensburg
3. Structure a program that would reward cow-calf producers in south-central Kentucky for supplying high-quality feeder calves to the GRCC
4. Conduct a marketing research project in conjunction with a regional retailer in Central Kentucky area
5. Develop a product launch strategy

Mr. Lawson reviewed the proposed terms and conditions. Mr. Lawson moved that \$30,000 in county Agricultural Development Funds (\$10,000 each from Green, Adair and Larue) and \$60,000 in KCADE funds be approved; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2003-0354**. The application received a high priority from Mercer County. The applicant, **Mercer County Conservation District**, requested \$1,500.00 in Mercer County Agricultural Development Funds for the purchase of a projector for educational programs concerning projects funded by Mercer County Agricultural Development Fund (ADF) dollars. Matching funds for this project are coming from the Mercer County Farm Bureau, Mercer County Conservation District and the Mercer County Cooperative Extension Service.

This project will benefit tobacco producers in Mercer County by enhancing and promoting agricultural diversification. Target participants for this project are burley producers in Mercer County. Mercer County farmers produced 4,026,000 pounds of burley in 2001. The county ranked 14th in the state for tobacco production. Mr. Lawson reviewed the proposed terms and conditions for the project. Mr. Lawson moved that A2003-0354 be approved for \$1,500 in Mercer County Agricultural Development Funds; Mr. Stewart seconded the motion. The motion passed without dissent.

Mr. Lawson presented project **P2003-0086**. The application received a high priority from Harrison, Scott and Bourbon Counties. The applicant, **Central Kentucky Grower's Association**, requested \$135,574 of state funds, \$10,000 of Scott County funds, \$5,000 of Harrison County funds (A2003-0306) and \$2,500 of Bourbon County funds (A2003-0475) to complete the expansion project started in the spring of 2003. Funds will be used to pay the manager of the Cooperative for a two-year period, as well as other expansion expenses. These additional expansion expenses include the following: Cull system modifications, receiving station, loading lot area extension, additional computer upgrades and training.

At present 40 farm families are involved in the Central Kentucky Grower's Association and all 40 currently have a tobacco base that has been recently reduced. The Association has growers in a 9 county area throughout Central Kentucky. The 40 producers planted a total of 150 acres in 2003. Sales for Central Kentucky Growers in 2002 were \$425,000. Sales figures, as of August 2003, are \$600,000 with another \$100,000 of sales anticipated with the harvesting of fall crops. Mr. Lawson reviewed the proposed terms and conditions. Mr. Lawson moved that P2003-0086 be approved for \$135,574 of state and \$17,500 of county (as detailed above) Agricultural Development Funds; Dean Smith seconded the motion. The Chair opened the floor for discussion.

Vickie Yates Brown asked why only three of the nine participating counties provided monetary support. Ms. Harkins noted that for their original application the other counties had contributed money.

The motion passed without dissent.

Mr. Lawson presented application **A2003-0400**. The application received a high priority from Larue County. The applicant, **The Cream of the Crop Farmer's Market**, requested \$31,000 in Larue County Agricultural Development Funds to establish a retail facility to market locally grown produce. Though the Larue County Agricultural Development Council rated the request a high priority, they committed a lesser amount than requested, \$10,000, of Larue County Funds for reimbursement of capital expenditures.

Eight producers have committed to providing a variety of local grow products that includes cabbage, flowers, plants, sweet corn, pumpkins, tomatoes, squash, green beans, apples and peaches. Applicants marketing strategies to maintain a store presence year round. They plan to implement this strategy by purchasing produce outside the county from other growers or wholesalers in the off-season or when supply is limited which will expand the store product mix whereby increasing sales and contribution to the overhead expenses, which will improve the likelihood that this business venture will be successful.

The Red Committee recommends funding this request in the amount of \$10,000.00 of Larue County Agricultural Development Funds, consistent with the County Council's priority and commitment. Mr. Lawson reviewed the proposed terms and conditions. Mr. Lawson moved that A2003-0400 be approved for \$10,000 in Larue County Agricultural Development Funds; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2003-0491**. The application received a high priority from Garrard County. The applicant, **the Garrard County Conservation District**, requested \$17,226 of Garrard County Agricultural Development Funds to purchase two lime spreaders for shared-use to improve soil quality for farmers in the county. Mr. Lawson reviewed the proposed terms and conditions. Mr. Lawson moved that A2003-0491 be approved for \$17,226 in Garrard County Agricultural Development Funds; Mr. Hunt seconded the motion.

Ms. Brown inquired as to what other shared-use equipment has been funded outside a model program. Mr. Hunt noted that manure spreaders, no-till drills, and other equipment have been allowed for shared-use. Mr. Hunt noted that such equipment is specialized. Mr. Moore noted that the agreements have guidelines of what the equipment needs to have (brakes, insurance, etc.). Ms. Brown asked if this is something that should be included in a model program.

The motion passed without dissent.

Review of Amendments

Mr. Royalty presented the following amendments for approval:

Application **A2002-0067, Lincoln County Farm Bureau**, was approved for \$100,000 on February 15, 2002. The applicant requests a decrease of \$40,000 of project funds for the Forage Improvement program. These funds are to be reallocated to the Cattle Handling Program [A2003-0535]. Approval of this request will bring the project total to \$60,000.

Application **A2001-0385, Lawrence County Agriculture Advancement & Economic Council, Inc.**, was approved for \$22,300 on December 21, 2001. The applicant requests a decrease of \$4,527 of project funds for the Cattle Genetics Improvement program. These funds are to be reallocated to the Cattle Handling Program [A2003-0519]. Approval of this request will bring the project total to \$17,773.

Application **A2002-0598, Lawrence County Agriculture Development & Economic Council, Inc.**, was approved for \$25,000 on November 15, 2002. The applicant requests a decrease of \$17,942 in project funds for the Agricultural Diversification program. The funds are to be reallocated to the Hay, Straw & Commodity Storage Program [A2003-0399]. Approval of this request will bring the project total to \$7,058.

Application **A2001-0295, Green River Feeder Calf Association, Inc. (Taylor Co.)**, was approved for \$50,000 on May 18, 2001. The applicant requests a decrease of \$36,495.40 in project funds for the Cattle Genetics (dairy) program. These committed funds are to be released back to the county's account balance. Approval of this request will bring the project balance to \$13,504.60.

Application **A2001-0560, Pulaski County Conservation District**, was approved for \$50,000⁵ on October 19, 2001. The applicant requests a decrease of \$19,050 in project

⁵ The beginning and ending balance numbers presented for this amendment are the corrected numbers. Incorrect numbers were presented to the Board.

funds for the Forage Improvement program. These funds are to be reallocated to the Cattle Handling program [A2003-0191]. Approval of this request will bring the project balance to \$30,950.00.

Application **A2002-0294, Clinton County Agricultural Advancement Board**, was approved for \$46,000 on April 19, 2002. Correction to the applicant's legal name; it should be the Clinton County Agricultural Advancement Council.

Application **A2001-0747, Henry County Boer Goat Association, Inc.**, was approved for \$26,500 on November 30, 2001. Clerical error: Correction to the amount approved; this project was presented for approval for \$26,500 of Henry County funds and should have been presented for \$16,308.26.

Application **A2001-0632, Henry County Boer Goat Association, Inc.**, was approved for \$19,500 on November 30, 2001. Clerical error: Correction to the amount approved; this project was presented for approval for \$19,500 of Henry County funds and should have been presented for \$25,000.

Application **A2002-0096, Henry County Boer Goat Association, Inc.**, was approved for \$30,798 on March 15, 2002. Clerical error: Correction to the amount approved; this project was presented for approval for \$30,798 of Henry County funds and should have been presented for \$35,489.74.

Application **A2003-0345, Jackson County Cattlemen's Association Incorporated**, was approved for \$5,000 on July 18, 2003. The applicant requests a decrease of \$830.30 in project funds for the Cattle Genetics program. These committed funds are to revert back to the county's account. Approval of this request will bring the project total to \$4,169.70.

Application **A2003-0416, Butler County Stockman's Association, Inc.**, was approved for \$40,000 on August 15, 2003. Clerical error: Correction to the amount approved; this project was presented for approval for \$40,000 of Butler County funds and should have been presented for \$40,500.

Application **A2002-0305, Grant County Cattlemen's Association**, was approved for \$50,000 on May 17, 2002. The applicant requests a decrease of \$10,143.25 in the project funds for the Cattle Genetics program. This amount is to be returned to the county account for use in other programs. Approval of this request will bring the project total to \$39,856.75.

Mr. Moore moved that the above requested amendments be approved; Mr. Lawson seconded the motion. The motion passed without dissent.

Recommendations for No-Funding⁶

Mr. Royalty presented project A2003-0501 as a project recommended for no-funding by the project review committees. Mr. Lawson moved that funding be denied to same; Ms. Poynter seconded the motion. The Chair opened the floor for discussion.

Mr. Mitchell shared some insight from the Department's Aquaculture Specialist, regarding the aquaculture industry.

Ms. Harkins noted that a lot of [aquaculture] growers are in areas that do not have a large budget in the Agricultural Diversification Program or have not adopted that program at all.

Mr. Lawson noted that historically the Board has geared state funds towards projects with statewide or regional impact and encouraged counties to use the county funds for production related projects.

The motion passed without dissent.

Other Business

Mr. Royalty presented a proposed modification to the Commonwealth Agri-Energy loan agreement. *[A copy of the memo is on file with the Board Secretary.]* Mr. Royalty noted that David Bratcher was available to answer questions regarding this request.

Mr. Mitchell asked Mr. Bratcher to give a brief overview of this request. Mr. Bratcher provided some background and summarized the request.

Mr. Mitchell asked Mr. Hunt for a construction report. Mr. Hunt noted that the construction was about 30% complete. Production is scheduled to begin in March of 2004.

Mr. Lawson moved that this amendment be approved for Commonwealth Agri-Energy; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Royalty presented a memo regarding the Partners for Family Farms project. According to their agreement with the Agricultural Development Board, they require Board approval of their choice of consultant for the funded feasibility study. Partners for Family Farms has chosen Kentucky State University for the economic portion of the study and Don Van Erden for the marketing portion of the study. *[A copy of the memo is on file with the Board Secretary.]*

Ms. Brown asked for clarification of what will be included in the study. Don Van Erden addressed the parameters of the study.

Mr. Mitchell moved that PFF's choice of consultants be approved for the study; Ms. Harkins seconded the motion. The motion passed without dissent.

⁶ Detailed list of projects for a no-funding recommendation listed in Appendix C.

The Chair yielded the floor to Dean Smith to address an issue. Dean Smith asked that the Board move forward with defining a direction for regional, urban, and suburban markets. Dean Smith proposed that staff develop criteria for regional markets and a plan for moving forward with providing state level guidance for regional market development. This should be reported to the Board at the next meeting. Dean Smith read recommendations from a 1999 study on regional farmers' markets.

Mr. Lawson asked if that should include any feasibility research.

Dean Smith noted that given the timeline and the 1999 study, maybe the "next steps" need to be addressed.

Mr. Mitchell noted that one of the regional markets in another state has a state regional market board at the Department of Agriculture to define the standards for the state's network of markets.

Mr. Hunt seconded the motion.

The motion passed without dissent.

Harvey Mitchell moved that the Board go into closed session pursuant to KRS 61.810(c) to discuss proposed litigation; Sam Lawson seconded the motion. The motion passed without dissent.

Guests and staff not directly involved in the issue to be discussed were excused until the Board reconvened in open session.

[Closed Session]

Mr. Royalty noted that an update of the Agricultural Development Fund balances has been distributed. *[A copy of the handout is on file with the Board Secretary.]* Mr. Royalty recognized Joel Neaveill to discuss specific obligations of the fund and the potential future of the fund, if Philip Morris cannot make their payment.

There was discussion of uncommitted funds and the market development pool set aside.

Mr. Royalty noted that staff had been discussing a possible planning meeting for the next Board meeting. Mr. Bratcher noted that it had been mentioned by a Board member and others that the Board may need to take time to look at the programs of the Agricultural Development Fund and look towards the future with respect to the Long-term Plan. A two-day meeting was proposed for this strategic planning session with no project review meeting.

Ms. Brown asked if this could all be done in one day, rather than a two day. There was some agreement among other members that the Thursday would not be a good day.

Mr. Bratcher gained a consensus that the Board would take the normal Board meeting date, October 17, and make it a full day strategic planning session. There

will be no Board Project Review meetings the week prior. The only regular business to be addressed at the October meeting is the referral of new applications, approval of model programs and review of requested amendments. The location of the meeting is to be determined.

Mr. Mitchell noted that there was a special recognition to be made. Dean M. Scott Smith moved that, in light that this is her [Susan Harkins] last meeting, the Board enter into the record an expression of appreciation, respect and gratitude for her remarkable effort, commitment, expertise, knowledge, vision, good humor, grace and charm; many seconded the motion. The motion was approved by acclamation.

Ms. Harkins wished the Board well. She noted that there were many challenges still ahead. She also asked the Board to take a look at Kentucky's horse industry as a model and follow suit with other agriculture enterprises.

Mr. Bratcher presented one final amendment for the KAFC's Young Farmers Loan Program. The request is to bring the maximum listed in the application from \$125,000 to \$250,000, consistent with the maximum permitted in the enabling legislation. Sidney Stewart moved that this amendment be allowed; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Mitchell reminded the members to return the contact information sheets to the Board Secretary.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene on Friday, October 17, 2003 for a strategic planning session – time and location to be determined. Only model program and requested amendments will be considered, along with the referral of new applications. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 12:30 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

New Applications for Referral

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2003-0520	Wayne County Cattleman's Association, Inc.	Genetics Improvement
A2003-0521	Rowan County Fiscal Court	Genetics Improvement
A2003-0522	Northern Kentucky Cattle Asscoiation, Inc.	Handling Facilities Cost Share
A2003-0523	DUPLICATE	Project
A2003-0524	Paintsville Livestock Market, Inc.	Project
A2003-0525	Mountain Cattlemen's Association	Genetics Improvement
A2003-0526	Eastern Kentucky Goat Producer's Association, Inc.	Goat Diversification
A2003-0527	Wayne County Agriculture Development Council, Inc.	Hay, Straw and Commodity Storage
A2003-0528	Northern Kentucky Cattle Association, Inc.	Genetics Improvement
A2003-0529	Kentucky Premium Beef Systems	Project
A2003-0530	Grant County Cattlemen's Association, Inc.	Fencing Improvement
A2003-0531	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Handling Facilities Cost Share
A2003-0532	Jackson Purchase Resource Conservaton and Development Foundation, Inc.	Genetics Improvement
A2003-0533	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Forage Improvement
A2003-0534	Rowan County Fiscal Court	Hay, Straw and Commodity Storage
A2003-0535	Lincoln County Livestock Improvement Cooperative Assoc.	Handling Facilities Cost Share
A2003-0536	Cumberland Valley Milling Cooperative, Inc.	Project
A2003-0537	Green River Area Beef Improvement Group, Inc.	Genetics Improvement
A2003-0538	Green River Area Beef Improvement Group, Inc.	Handling Facilities Cost Share
A2003-0539	Nicholasville Now!, Inc.	Project
A2003-0540	Jessamine County Goat Producers Inc.	Goat Diversification
A2003-0541	Boones Abattior, Inc.	Project
A2003-0542	James Cotton and Jeff Cotton	Project

New Applications for Referral

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2003-0543	Jessamine County Beef Cattle Association, Inc.	Hay, Straw and Commodity Storage
A2003-0544	Garrard Counry Farm Bureau, Inc.	Hay, Straw and Commodity Storage
A2003-0545	Spencer County Meat Goat Producers	Project
A2003-0546	Spencer County Farm Bureau	Hay, Straw and Commodity Storage
A2003-0547	Candle Bee Farm	Project
A2003-0548	Candle Bee Farm	Project
A2003-0549	Farm Specialty Meats, LLC	Project
A2003-0550	SS Enterprises of Warren County Inc.	Project
A2003-0551	Green River Area Development District, Inc.	Hay, Straw and Commodity Storage
A2003-0552	Marshall County Conservation District	Project
A2003-0553	Webster County Pest Management, Inc.	Project
A2003-0554	Washington County Conservation District	Project
A2003-0555	Washington County Cattlemen Association	Handling Facilities Cost Share
A2003-0556	Breathitt County Conservation District	Fencing Improvement
A2003-0557	Buffalo Trace Area Development District	Project
A2003-0558	Carlisle County Conservation District	Project
A2003-0559	Farms' Pride LLC	Project
A2003-0560	Clark County Extension District Board	Project
A2003-0561	Clark County Conservation District	Fencing Improvement
A2003-0562	Clark County Goat Producers Associations, Inc.	Goat Diversification
A2003-0563	Marshall County Conservation District	Project
A2003-0564	Scott County Extension Center	Project
A2003-0565	Jessamine County Beef Cattle	Genetics Improvement
A2003-0566	Chaney's Dairy Barn	Project
A2003-0567	Franklin County Goat Producers Association	Goat Diversification

New Applications for Referral

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2003-0568	Farmer Assistance- Metcalfe County Enrichment Center	Project
A2003-0569	Christian County Water District	Project
A2003-0570	Herndon Volunteer Fire Department	Project
A2003-0571	Hopkinsville High School	Project
A2003-0572	Young & Armbruster	Project
A2003-0573	Progressive Beef LLC	Project

APPENIDIX B: Model Program Lists

Agricultural Diversification

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0494	Anderson County Farm Bureau, Inc	Anderson	\$25,000.00
A2003-0498	Elliott County Fiscal Court	Elliott	\$14,000.00
A2003-0502	Buffalo Trace Area Development District	Robertson	\$40,000.00
A2003-0511	Wayne County Pork Producers Associations, Inc.	Wayne	\$17,500.00
		Sub Total	\$96,500.00

Fencing Improvement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0481	Magoffin Co. Conservation District	Magoffin	\$50,000.00
A2003-0388	Menifee Beef Producers, Inc.	Menifee	\$52,500.00
A2003-0486	Spencer County Farm Bureau	Spencer	\$84,000.00
		Sub Total	\$186,500.00

Forage Improvement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0324	Barren County Conservation District	Barren	\$138,516.00
A2003-0489	Campbell County Conservation District	Campbell	\$18,300.00
A2003-0506	Green River Area Beef Improvement Group, Inc.	Daviess	\$10,000.00
A2003-0496	Elliott County Fiscal Court	Elliott	\$40,000.00
A2003-0485	Lee County Conservation District	Lee	\$15,000.00
A2003-0493	Lee County Conservation District	Lee	\$15,000.00⁷
A2003-0517	Marion County Conservation District	Marion	\$50,000.00
A2003-0515	Green River Area Beef Improvement Group, Inc.	Ohio	\$30,000.00
		Sub Total	\$316,816.00
			\$301,816.00

Genetics Improvement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0507	Green River Area Beef Improvement Group, Inc.	Daviess	\$20,000.00
A2003-0520	Wayne County Cattleman's Association, Inc.	Wayne	\$25,000.00
		Sub Total	\$45,000.00

Goat Diversification

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0505	Garrard County Women In Agriculture	Garrard	\$13,285.00
A2003-0510	Wayne County Pork Producers Association, Inc.	Wayne	\$10,000.00
		Sub Total	\$23,285.00

⁷ A2003-0493 is a duplicate of A2003-0485 . The sub total reflects the error.

APPENIDIX B: Model Program Lists

Handling Facilities Cost Share

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0490	Campbell County Cattle Association	Campbell	\$1,970.44
A2003-0508	Green River Area Beef Improvement Group, Inc.	Daviess	\$30,000.00
A2003-0519	Lawrence County Agriculture Development & Economic Council	Lawrence	\$4,527.00
A2003-0535	Lincoln County Livestock Improvement Cooperative Assoc.	Lincoln	\$40,000.00
A2003-0447	Metcalfe County Cattleman's Association	Metcalfe	\$105,000.00
A2003-0514	Green River Area Beef Improvement Group, Inc.	Ohio	\$70,000.00
	Sub Total		\$251,497.44

Hay, Straw and Commodity Storage

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0513	Barren River Area Development District	Allen	\$78,500.00
A2003-0484	Boone County Farm Bureau, Inc.	Boone	\$60,000.00
A2003-0488	Campbell County Farm Bureau, Inc.	Campbell	\$21,000.00
A2003-0492	Carter County Agriculture Advancement Council	Carter	\$105,000.00
A2003-0544	Garrard County Farm Bureau, Inc.	Garrard	\$105,000.00
A2003-0518	Green County Conservation District	Green	\$150,000.00
A2003-0476	Hardin County Extension District Board	Hardin	\$213,770.00
A2003-0487	Spencer County Farm Bureau	Spencer	\$10,500.00
	Sub Total		\$743,770.00

On-farm Water Enhancement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0504	Grant County Conservation District	Grant	\$30,000.00
A2003-0512	Woodford County Agricultural Advancement Council	Woodford	\$35,000.00
	Sub Total		\$65,000.00

Recommendations of No Funding

<i>App #</i>	<i>Project Name</i>	<i>County</i>
A2003-0501	The Kentucky Aquaculture Association	Clark